



**Southwest Power Pool
REGIONAL ENTITY TRUSTEES MEETING**

July 25, 2016

Rushmore Plaza Holiday Inn

Rapid City, South Dakota

A G E N D A

7:30 a.m. – 12:00 p.m. MST

- 1. **Call to Order/Introductions** **Dave Christiano**
Chairman Christiano called the meeting to order at 7:30 a.m. He welcomed FERC representative Darrell Piatt and SPP Board members Bruce Scherr and Josh Martin.
- 2. **Antitrust Guidelines**..... **Dave Christiano**
Attendees reviewed the guidelines.
- 3. **Approval of Meeting Minutes – June 13, 2016** **Dave Christiano**
The Trustees approved the minutes with no changes.
- 4. **New SPP RE Trustees**..... **Dave Christiano**
Chairman Christiano introduced the soon-to-be elected SPP RE Trustees, Mark Maher and Steve Whitley. Mr. Maher retired from WECC as CEO; he spent 20 years at Bonneville Power and worked at several other utilities in both generation and transmission. Mr. Whitley started his career at TVA as a planner for 15 years, then moved to operations for 15 years. He retired as CEO of New York ISO. Both looking forward to serving SPP RE.
- 5. **Long Term Reliability Assessment** **Lanny Nickell**
This is SPP’s first LTRA that includes the Integrated System. An annual load growth of 1% is projected over the next 10 years. While load isn’t changing very much, our resource mix is changing.

The Capacity Margin Task Force approved a reduction of SPP's Planning Reserve Margin (PRM) requirement from 13.6% to 12.0% on 2/16/16. The SPP Board of Directors approved this change. The new PRM requirement is expected to be effective 6/1/17. SPP's robust transmission expansion is allowing us to reduce reserve margins and utilize diverse generation. We are expecting almost 1,600 miles of new 100+ KV to be constructed in the next 10 years.

Early in 2016, the SPP Assessment Area saw nearly 50% of SPP’s load being served by wind generation at certain points, setting wind penetration records. We continue to include our members’ renewable portfolio standards in planning models. In 2016 we kicked off a Variable Generation Integration Study to look at high penetration circumstances. We expect we will eventually reach a point at which SPP can no longer reliably utilize all of the wind generation for SPP’s own internal demand needs, even with additional transmission infrastructure.

We are expecting a reserve margin deficiency beginning in 2023, based on known and committed resources. However, the 10-year period will have enough reserves considering anticipated generation. The forecasted anticipated reserve margin is expected to be ~12 in 2026. SPP has created a new Supply Adequacy Working Group and is working on a Resource Adequacy

*Relationship-Based • Member-Driven • Independence Through Diversity
Evolutionary vs. Revolutionary • Reliability & Economics Inseparable*

Workbook.

Energy efficiency is growing, from 396 MW in 2017 to ~1,362 MW in 2026. We are expecting ~3400 MW of confirmed nameplate generation to be retired over next 10 years, primarily natural gas. The uncertainty of potential policy changes related to generation retirements is an emerging reliability issue.

The SPP RE Trustees unanimously accepted the LTRA for submission to NERC, and asked to be notified if there are any substantive changes.

6. 2Q Events Report and Facility Ratings Alert Update Alan Wahlstrom

Five events occurred in the SPP region during second quarter of 2016. All events were in lowest assignable risk category; two events met the threshold to be considered in the NERC Events Analysis program. One event was *category 1a. Loss of three or more elements* and one event was *category 1h. Partial loss of monitoring and control*.

Mr. Wahlstrom reviewed recent NERC Lessons Learned. Mr. Ciesiel noted that two-thirds of NERC reportable events are EMS-related issues. Trustee Burrows asked if industry is reading the Lessons Learned. NERC does workshops in which they discuss Lessons Learned, and NERC has shared this information at SPP RE's workshops. Reliability Compliance Working Group Chair Jennifer Flandermeyer noted that a number of Registered Entities have formal programs for reviewing Lessons Learned, and the Regional Compliance Working Group and Events Analysis Working Group discuss them. The SPP RTO Training Group shares information from operational Lessons Learned at their stakeholder operator trainings.

NERC's AC Substation Equipment Task Force recommended the NERC Event Analysis process collect information on station equipment failures going forward. Regarding the Facility Ratings Alert, 100% of high priority line discrepancies are complete, 94.4% of medium priority line discrepancies are complete, and 90.5% of low priority line discrepancies are complete.

7. CIP Update Ron Ciesiel

CIP V5 Revisions (V6) became effective 7/1/16 for High and Medium Impact BES Cyber Systems. So far we have seen a few Self-Reports on the new standards, but it seems to be going well overall.

The first CIP audit under the new standards is going on this week. CIP audits will be primarily focused on CIP-002-5.1, CIP-005-5, CIP-006-6, CIP-007-6, and CIP-010-2. Other requirements may be included, depending on past compliance history. All field work for CIP-014-2 audits has to be performed on-site; the standards' language prohibits removal of any evidence from the Registered Entity's site.

We will resume auditing non-BA, non-TOP Registered Entities with only Low Impact BES Cyber Systems beginning 2Q 2017. We have not heard anything about which Registered Entities FERC will audit.

8. Enforcement Report Joe Gertsch

The current caseload is 91 active violations; 43 are Ops & Planning violations and 48 are CIP violations. This year 29 violations have been processed as Compliance Exceptions. There is no requirement for a Registered Entity to submit a Mitigation Plan unless we issue them a Notice of Alleged Violation(s) and Penalty or Sanction. We generally do not send a violation to NERC until mitigating activities are complete.

9. **General Manager's & Compliance Report** **Ron Ciesiel**
 SPP RE's goal is to complete an IRA for each SPP RE Registered Entity by the end of 2016. We have completed 35 and submitted the Summary Report to NERC. SPP RE has conducted 4 Internal Control Evaluations, which have removed requirements from review and reduced sample size. There are 187 Multiple Regional Registered Entities (MRRE) participating in the Coordinated Oversight Program. SPP RE is the Lead Region Entity for 5 groups with 15 MRREs. The MRRE program has helped coordinate oversight activities across the ERO.

PRC-005 is now back at the top of SPP RE's most violated standards; most were self-reported and are being mitigated, which is good. The number of CIP violations has dropped dramatically; hopefully this will carry over into the new CIP standards. Incoming violations have continued to drop dramatically since the 2010 peak.

The last actionable vegetation management event in our region was in 2010. The misoperations rolling average has had a slight uptick. It takes a long time to "move the needle" on misoperations. NERC is giving greater attention to this issue. Communication failures have resurged as the main cause of misoperations.

Monica Evans joined SPP RE as an Administrative Assistant, and Alison Hayes has returned to the SPP RE as an Attorney. Steven Keller transferred to the RTO Compliance Group, and Greg Sorenson is moving into SPP's Market Monitoring group.

10. **Outreach Activity** **Emily Pennel**
 There were 205 in-person/webinar attendees at May CIP workshop. We have posted 14 new videos to the online training library. The agenda has been posted for the Fall Workshop, Sept. 20-21 in Oklahoma City and via webinar.
11. **Financial Report/Year-to-Date Financial Statement** **Debbie Currie**
 The Trustees approved the \$10.9M budget in June. There was an assessment increase of \$466k or 5.4%. Our total expenses are ~\$339k under budget. Open positions drive a large percentage of the actual-to-budget variance. At the end of the second quarter, SPP RE projects to be under budget by \$450k.

12. **Staff Goals and Metrics** **Ron Ciesiel**
 Of the 15 staff metrics, we are on track with all but one. We are a bit behind on the mitigation plan acceptance.

13. **NERC CIPC Report**..... **Eric Ervin**
 Mr. Ervin is the SPP CIP Working Group Chair and SPP RE's representative on the NERC CIP Committee. NERC is offering CIP security workshops before the CIPC meetings; they have been well attended and informative. The CIPC is holding an Energy Sector Classified Briefing in December.

The E-ISAC is continuing to improve. The group just published a "how to" guide and is developing user communities and a plan to evaluate the 24/7 watch and notification capability. The E-ISAC is working to develop an automated threat sharing platform that will be very helpful to members. The group is looking at the way the nuclear industry conducts pre-employment background checks to see if the electric sector can adopt some of the same practices.

The Physical Security Advisory Group developed the *Electricity Sector Design Basis Threat* document in February to provide instruction on using a design basis threat for the physical infrastructure of the BES. The group considered potential emerging threat vectors from unmanned aircraft systems and vehicle-borne improvised explosive devices. The Physical Security Subcommittee published a draft of *Security Management in the North American*



Electricity Sub-Sector on the E-ISAC portal. The guideline provides a framework for comprehensive security protection of the electricity sub-sector in North America.

14. NERC Committee Representative Written Reports - Comments or Questions

- 14a. Planning Committee Report Noman Williams
- 14b. Compliance and Certification Committee Report..... Jennifer Flandermeyer
- 14c. NERC Operating Committee Report Jim Usledinger
- 14d. System Protection and Control Report Open

15. New Action Items Emily Pennel
No new lessons learned were captured.

16. Future Meetings Dave Christiano

- October 24, 2016 – Little Rock
- January 30, 2017 – Dallas
- April 24, 2017 – Tulsa
- July 24, 2017 – Denver
- Oct. 30, 2017 – Little Rock

REGIONAL ENTITY TRUSTEE MEETING

July 25, 2016

ATTENDANCE LIST

NAME	ORGANIZATION
Norman Williams	SCMCN
TRENT CARLSON	SCMCN
BARY WARREN	SCMCN/GRIDWANCE
Maggie Berry	GSEC
CHIP KOLOINI	GSEC
Paul Mehlhoff	Sunflower
Emily Pennel	SPP RE
Monica Evans	SPP RE
Michael Desselre	SPP
JOSY MARTIN	SPP DIRECTOR
BRUCE SCHERB	SPP DIRECTOR
Fred Meyer	The Empire District Electric Co,
Darrell Piatt	FERC
RON CIESIEL	SPP RE
GERRY BURRAOS	SPP RE TRUSTEE
Dave Christiano	"
MARK MAHER	SPP RE Trustee Candidate
Stephen Whitley	SPP RE Trustee Candidate
LANNY NICKELL	SPP Staff
Joe Gertsch	SPP RE STAFF

DAVID OSBURN

OMPA

TOM HESTERMANN

San Antonio

JEFF KNOTTEK

CU

TELECONFERENCE ATTENDEES

RET

7/25/2016

Debbie Currie - SPP RE

Jim Useldinger - Grid Alliance

Chris Haley - SPP

Jason Mazigian - Basin Power

Jennifer Flandermeyer - KCPL

John Allen - SPP RE

Alison Hayes - SPP RE

Andrea Doucette - SPP RE

Eric Ervin - Westar